



January 27, 2006

## SENATE BILL No. 274

DIGEST OF SB 274 (Updated January 25, 2006 5:18 pm - DI 87)

**Citations Affected:** IC 36-4; noncode.

**Synopsis:** Impounding property taxes in annexed territory. Requires a municipality, for an annexation that is effective after December 31, 2005, to impound property taxes imposed on the annexed territory in a fund for at least three years to pay for additional services not provided for in the fiscal plan. (Current law requires the impoundment of property taxes for annexed territory only if the territory meets certain population density and lot size requirements.)

**Effective:** January 1, 2006 (retroactive).

### Long

January 9, 2006, read first time and referred to Committee on Governmental Affairs and Interstate Cooperation.  
January 26, 2006, reported favorably — Do Pass.

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SB 274—LS 6582/DI 87+



January 27, 2006

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## SENATE BILL No. 274

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 36-4-3-8 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 8. (a) This  
3 section does not apply to an ordinance adopted under section 5 or 5.1  
4 of this chapter.

5 (b) An ordinance adopted under section 3 or 4 of this chapter must  
6 include terms and conditions fairly calculated to make the annexation  
7 equitable to the property owners and residents of the municipality and  
8 the annexed territory. The terms and conditions may include:

9 (1) postponing the effective date of the annexation for not more  
10 than three (3) years; and

11 (2) establishing equitable provisions for the future management  
12 and improvement of the annexed territory and for the rendering of  
13 needed services.

14 (c) This subsection applies to territory sought to be annexed that  
15 meets all of the following requirements:

16 (1) The resident population density of the territory is at least three

17 (3) persons per acre.

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(2) The territory is subdivided or is parceled through separate ownerships into lots or parcels such that at least sixty percent (60%) of the total number of lots and parcels are not more than one (1) acre.

This subsection does not apply to an ordinance annexing territory described in section 4(a)(2), 4(a)(3), 4(b), or 4(h) of this chapter. The ordinance must include terms and conditions impounding in a special fund all of the municipal property taxes imposed on the annexed territory after the annexation takes effect that are not used to meet the basic services described in section 13(d)(4) and 13(d)(5) of this chapter for a period of at least three (3) years. The impounded property taxes must be used to provide additional services that were not specified in the plan of annexation. The impounded property taxes in the fund shall be expended as set forth in this section, not later than five (5) years after the annexation becomes effective.

SECTION 2. P.L.248-1999, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: SECTION 11. (a) This SECTION applies to a municipality that:

(1) adopts an annexation ordinance under IC 36-4-3-3 or IC 36-4-3-4

(A) before July 1, 1999; and

(B) that becomes effective after July 1, 1999; December 31, 2005; and

(2) proves the establishment of a fiscal plan under IC 36-4-3-13 before July 1, 1999; and

(3) (2) is subject to IC 36-4-3-8, as amended by this act.

(b) Notwithstanding IC 36-4-3-8, as amended by this act, a municipality described in this SECTION is not required to amend its annexation ordinance and its fiscal plan **if the municipality adopted its annexation ordinance before April 1, 2006.** However, a municipality described in this SECTION shall comply with IC 36-4-3-8, as amended by this act, **and IC 36-4-3-8.1.**

SECTION 3. **An emergency is declared for this act.**

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## COMMITTEE REPORT

Madam President: The Senate Committee on Governmental Affairs and Interstate Cooperation, to which was referred Senate Bill No. 274, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 274 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 6, Nays 4.

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